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**MINI PLENARY SESSION – COMMITTEE ROOM E249**

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**WEDNESDAY, 15 MAY 2018**

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***PROCEEDINGS OF MINI-PLENARY SESSION – COMMITTEE ROOM E249***

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Members of the mini-plenary session met in the Committee Room E249 at 16:17.

House Chairperson Mr C T Frolick took the Chair and requested members to observe a moment of silence for prayer or meditation.

**APPROPRIATION BILL**

Debate on Vote No 9 – Public Enterprises:

The MINISTER OF PUBLIC ENTERPRISES: Hon House Chairperson, Chairpersons and members of the board of directors of state-owned companies, chief executives, those that are both in a Hollywood role and permanent in state-owned companies, and fellow South Africans; sanibonani, molweni goeie middag, thobela [good day].

I have the honour to present the Budget Vote for the Department of Public Enterprises. This is the year in which we celebrate – as we

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know – the centenary of the birth of our national icon, President Nelson Mandela. We also celebrate the centenary of one of the key architects of our democracy, Albertina Sisulu. Together with their generation of freedom fighters these giants of our democratic struggle sought to work for a society based on justice, fairness, equity, democracy and non-racialism.

State-Owned Enterprises, SOEs, constitute a key part of our national life and our national assets as well. They are central to our developmental and economic agenda as a government. The reform of State-Owned Companies, SOCs, is part of a broader agenda of structural reforms in our country.

President's commitment to investment and inclusive growth It is their spirit, the spirit of Mandelas and Sisulus, and the legacy of integrity, service and diligence that must inspire all of us to do what is right for our country and people. This is what we, as a community of SOEs must also do.

President Ramaphosa, in his state of the nation address set us all a challenge: to encourage significant new investment in our economy with the aim of achieving sustained inclusive growth, creating jobs, reducing poverty and transforming our economy.

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Inclusive growth and job creation are dependent on increased investment in our economy. South Africa needs as much local and foreign investment as possible to increase the growth and jobs momentum already on the way. This is the central priority for government this year. We, in the Department of Public Enterprises, have embraced this objective as do increasingly SOCs.

In presenting our plans for this fiscal year, we have and will continue to ensure that the state-owned companies make their invaluable contribution to new investments by using both public resources and by leveraging private sector resources.

Through its state-owned companies, government will be investing R368 billion over the next three years, of which Transnet and Eskom account for a significant share. Their investment will be directed toward upgrading and expanding the country's electricity generation and transmission infrastructure as well as acquisition and maintenance of rail rolling stock – a contentious issue – and the completion of the new multi-product pipeline.

Improving the quality of the country's infrastructure will ensure a reliable and cost-effective electricity supply and efficient freight logistics and port infrastructure. This will make South Africa a

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more attractive location for companies to do business. This will crowd in further investment by the private sector.

The infrastructure investments being undertaken by state-owned companies also serve to improve the quality of life for our people. For instance, in the electricity sector, Eskom continues to connect new households to electricity, with the aim of achieving universal access by 2025. Over two hundred thousand new connections were achieved in the 2017-18 financial year, as an example.

Hon members and Chairperson, we are indeed in a new dawn. A new dawn characterised by the spirit of Thuma Mina [Send Me]. The possibility and the actual emergence of this new dawn is a result of the hard and determined efforts of all South Africans. Key amongst those who worked to strengthen our democracy – and whom we must salute today – and create conditions for the new dawn are ordinary people, trade-unions, the judiciary, non-governmental organisations, media, business, political formations and committees of parliament.

To sustain the new dawn, will require vigilance, courage and a commitment so that we serve our country and our people. In the new dawn, we should work to entrench the democratic ethos of the Constitution, constitutionalism, social justice and fairness.

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Through our institutions and State-Owned Companies, we must work to promote our constitutional values such as inclusivity, non-racialism and gender parity. The state-owned companies belong to all South Africans. They are not the preserve of only a few – while some have of course tried to make it such. They must be used to advance our national interests and play their part in development and inclusive economic growth.

The role of SOCs, for example, as seen by the Organisation for Economic Co-operation and Development, OECD, goes as follows:

In many countries SOEs are the main providers of key public services, including public utilities. This means that their operations have an impact on citizens' everyday life and on the competitiveness of the rest of the economy. SOEs are increasingly prominent actors in international markets.

Traditionally, state-owned companies play an important role in addressing specific market failures or promoting a country's strategic interests. But there are other views on this question as well. In our case, an effectively managed, efficiently performing and well-governed public enterprise sector should play a dynamic role and amongst other issues: Firstly, delivering important public

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services and public goods that enable economic activity and improve the quality of the lives of our people;

Secondly, investing in infrastructure to reduce the cost-structure in the economy so that other economic players become more efficient and competitive;

Thirdly, supporting and growing small- and medium-size businesses;

Fourth, undertaking research to develop new technologies to equip the country to compete effectively in a world post the fourth industrial revolution;

Fifth, transforming the patterns of ownership in the economy by directing their procurement spend to black-owned businesses; and

Finally, providing jobs, training and skills development; all of which are essential in the decade ahead.

We must get back to this basic mission. Not only must we contend with the present challenges, but also prepare for a very dynamic and different future. Re-establishing a public service culture and ethos is critical to this mission. This is our best antidote to greed and opportunistic behaviour.

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Let me give you some examples of SOCs that have a central role to play in the progressive reform and strategic transformation of our economy, for example:

Eskom's mission is the provision of energy and electricity, as well as related services, for the enablement and development of economic growth. It achieves this by powering the economy and enabling businesses, particularly mining and manufacturing, to thrive and create employment;

Transnet's port, rail and pipeline infrastructure facilitates the movement of goods from where they are produced to where they are consumed within the country. This promotes trade with our neighbours and provides a connection to export markets. It is critical as an enabler of cost-effective, efficient, and seamless movement of goods through our economic system.

Denel supports a supply chain of both small and large companies operating in the defence sector. In addition to ensuring the country's security, through its research and development, the company contributes to the development of the advanced skills necessary for the company to compete in a world that is becoming increasingly sophisticated. Indeed, when functioning efficiently and in a well-governed manner – which I hope we'll see soon – Denel has

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leading-edge technology and manufacturing capability that advances our national competitiveness.

South African Express operates routes connecting secondary cities with the major metros as well as connecting South Africa with some of its neighbours such as Botswana, the Democratic Republic of Congo and Namibia. This contributes to promoting economic activity particularly tourism in the region as well as in the secondary centres.

It is evident that by efficiently delivering on their core mandates, the state-owned companies can directly contribute to enabling economic growth inclusively and creating jobs and therefore advancing the developmental state.

However, notwithstanding their potential role in growing the economy, the last few years have seen a progressive weakening and capture of these institutions.

In his state of the nation address, when speaking about the establishment of the Judicial Commission of Inquiry into State capture, the President said:

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We are determined to build a society defined by decency and integrity that does not tolerate the plunder of public resources. The commission is critical to ensuring that the extent and nature of state-capture is established, that confidence in public institutions is restored, and that those responsible for any wrong-doing are identified. The commission should not displace the regular work of the country's law enforcement agencies in investigating and prosecuting any and all acts of corruption."

Following on these directives – if you like – we have set the following priorities for the coming year:

We will work to "re-capture" the state-owned companies, putting in place strong and ethical boards, re-establishing good governance.

We will ensure that, the companies function in line with their mandates, and halt the vicious looting and theft of the last few years.

We will work swiftly to stabilise these entities and return them to financial sustainability through the appointment of capable executive teams, refocusing the companies on their core mandates, ensuring that the companies have viable business and operating

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models. Improvements in operational performance, and engendering confidence among lenders and the bond market is critical.

We will look how the collective resources and capabilities of SOEs can be used to promote inclusive growth, investment and the creation of jobs.

We will restructure and reorient their businesses accordingly through proper consultations.

SOEs must promote transformation through measures like preferential procurement to develop a new generation of black-, woman-and youth-owned enterprises in our country.

We will rebuild staff morale and restore the dignity of these entities and people who work in them. I think we owe it to the hundreds of thousands of public servants in these entities to say to them that “not all of you are rogues, we know that, but those that are must help us to identify.”

We will be holding to account those that have been directly involved in malfeasance as well as those that have neglected their responsibilities and allowed state-capture to happen; either through their participation or their knowledge. In addition, those audit

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firms, consulting companies and legal advisors that facilitated state capture must be answerable for the role that they have played in state capture.

We will initiate processes which will enable government to recover stolen funds. [Applause.]

Unfortunately, it has become evident that several of the state-owned companies will not be able to trade and borrow their way out of their financial difficulties and some funding will be required from government. Strong and creative measures must be taken to return these companies to solvency. Should any government support be provided, this must be contingent on the companies diligently implementing interventions to return them to financial sustainability and enhance efficiency as well as restructure their operating models to effectively deliver on their strategy and developmental mandates.

What role will each of the companies in the Department of Public Enterprises be playing in advancing this agenda?

In the case of Eskom, it is responsible for the generation, transmission and distribution of electricity. The company has installed capacity in excess of 45 Gigawatts and generated

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225.92 Terawatt hours of electricity in 2017-18. The key generation expansion projects are the Medupi and Kusile coal-fired stations. The reliability of the country's electricity supply has a major impact on the country's economy and its citizens' wellbeing: when the country experienced load-shedding, this was estimated to have wiped off at least 1 percent of GDP at the time. This critical institution was on the brink of collapse through state capture. A compromised Board and unscrupulous executives were installed, who were actively engaged in enabling the looting of the institution. A classic example is the Tegeta purchase of Optimum Coal Mine; interestingly it was discussed in this room.

In addition, there was a collapse in governance, an audit qualification and irregular expenditure. The new Eskom board, under the Chairpersonship of Mr Mabuza who sits on my left, was appointed in January this year as well as an Acting Chief Executive, Mr Hadebe. Since then, the Board and the Chief Executive have achieved the following:

They are instituting a culture of effective and transparent governance, including ensuring that those who were engaged in fraudulent activities are brought to account. This has resulted in the departure of six senior managers on the basis of serious allegations of misconduct. A further three senior employees remain

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on suspension of which two will be facing independent disciplinary hearings in the month of May 2018. This is only the first step in combating corruption. The Board will continue to pursue wrongdoers and take corrective action within the law.

Employees as well as outsiders have been encouraged to use the whistleblowing facility to share information about corruption at Eskom. The response has been very positive. I am advised that almost 250 matters are being investigated, of which there have already been 42 cases where actual corruption, fraud or irregularity has been confirmed.

Lifestyle audits have commenced and the process is projected to be finalised by the end of July amongst the management.

Progress has been made in clearing the qualified audit issued in the past financial year.

There has been a positive change in investor sentiment and increased appetite for Eskom bonds. The company raised R43 billion between January and March 2018, providing sufficient liquidity for the company. This has allowed Eskom to recommence with its normal borrowing activities with the aim of securing a total of R72 billion

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over the 2018-19 financial year to enable ongoing implementation of its investment programme.

To ensure financial sustainability, Eskom is seeking to optimise its revenue and collect municipal arrears whilst driving down costs to ensure that the entity does not borrow to service debt.

Under the circumstances, acceptable operational performance has been achieved and the capital build programme is on track. The final units at Medupi and Kusile will achieve commercial operation by financial years 2021 and 2023, far beyond the original estimates.

Whilst – and let me assure South Africans on behalf of Eskom – there will be no load shedding over the winter period at all. [Applause.]

Whilst it is still too early to celebrate the full re-capture of this institution, the experience shows how, under the leadership a committed board and executive management team who take decisive action, confidence and staff morale can quickly be re-established. And notwithstanding what they have achieved, they will be the first to admit that much more still needs to be done.

Transnet is responsible for providing land freight transportation services through its port, rail and pipeline infrastructure. During 2017-18 financial year the company moved a total 226.3metric tons by

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rail with general freight moving 90.6mt as well as 17 billion litres of fuel.

The most binding constraints to realise the accelerated and shared economic growth through Transnet's role in the developmental state includes: Firstly, the inefficiency of the transport and logistics system that forms the backbone of the South African economy – the fact that South Africa is far from its major export markets and the fact that most production centres are situated inland away from the ports hampers South Africa's export competitiveness; and

Secondly, we have limits to competition. The fact that the South African economy remains relatively concentrated and that monopoly or dominating players' prices have a negative impact on downstream sectors and the development of new industries is constrained; as Minister Patel indicated in his Budget Vote speech.

The role of Transnet in addressing these challenges is critical and its ability to ensure that government's infrastructure network programme acts as a catalyst towards the broader development of the economy will be a seminal marker of the progress being made towards building a developmental state.

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Transnet is in the unique position of owning and operating the bulk of South Africa's commercial freight rail, port and pipeline infrastructure. As an SOE, Transnet can leverage both government spend and commercial investment in transport infrastructure to make a significant contribution to inclusive economic growth and employment creation.

By using the SOE structure, Transnet can maximise efficiencies in freight transportation and enable large-scale investment (by itself and the private sector) in a manner that is efficient for society in the long-term. Without a strategic SOE role, the freight network will depend on project-specific state revenue allocations and short horizon, non-integrated, costly private investment. Ensuring effective state custodianship of the port, rail and pipeline network is thus fundamental for the developmental state.

At Transnet, governance structures were repurposed to enable corruption and rent-seeking – we believe. There is evidence that contracts were awarded to people with close links to some of the Transnet officials including Board member and there were clear conflicts of interest. The directors of Transnet as well as some senior executives were derelict in their duties and there were regular violations of the Public Finance Management Act, PFMA,

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Companies Act and the Prevention of Corruption and Criminal Activities Act.

During the month of April, the Board accepted the resignation of the CFO, Mr Peter, and I approved the appointment of Mr Mohammed Mahomedy who is a Chattered Accountant in the employ of Transnet for some years to act in his capacity.

I have accepted the resignation of the previous Chairperson of the Board of Transnet and several other non-executive directors.

In line with the Companies Act, I met with the remaining Transnet Board members to allow them to make representations concerning their retention on the Board. Having carefully considered these representations, I decided to remove them as non-executive directors with immediate effect and installed a new interim board, pending consultation with Cabinet.

Although the company has been growing the volumes that it transports by rail and handles in the port system, much more can be done to improve efficiency and remove bottlenecks in freight transportation from the economy

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The new interim Board of directors will be directed to act on the findings of the Werksman's investigation and other forensic reports which clearly indicates and implicates various by name; and of course more is to follow. They will also review the large contracts that have been entered into in order to verify their legality. Werksman seems to indicate that given the dubious legal status of some of these contracts, they could be revisited and renegotiated.

Denel is responsible for the production of defence equipment including small ammunitions, landward systems, missiles, unmanned aerial systems and military aircraft as well as maintenance, repair and overhaul and systems engineering.

Denel was one of the institutions where evidence of state capture began to emerge. Once again, it seems that a weak and captured board and executives were intent on facilitating the exploitation of the company's valuable intellectual property to enrich Gupta-related associates and potentially launder money off-shore. In doing so, the company flouted the PFMA and other legislation.

The new board, which was appointed in April, has been tasked with implementing the findings of all forensic reports and holding those implicated to account. The CEO has resigned and his resignation has been accepted by the board. I have approved the appointment of Mr

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Mike Kgobe, current head of Denel Aviation, as the acting CEO of Denel.

SA Express is also going through its share of difficulties; as you know it transports many passengers and provides cargo services. The objective is to increase the frequency of services on lower density routes which are not viable for large aircraft.

As a result of resignations and suspensions and other forms of interference, there are currently numerous vacancies at the airline. As a temporary stabilisation measure, senior officials from the department were seconded to SA Express, whilst the process of appointing a permanent CEO and CFO is underway.

Simultaneously, I am reviewing the Board, with a view to strengthening its capacity. Reports of corruption at SA Express, which were well-publicised last week, are also being given careful attention.

In addition to addressing the governance and leadership challenges at the airline, government is working with SA Express to finalise a turnaround strategy including the potential merger of all state-owned airlines in the near future; on the one hand we need to stabilise its finance on the other hand we need check its technical

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capability and we might be issuing some remarks in this regard in the next 42-72 hours, pending a report that I will receive later today.

South African Forestry Company, Safcol and Alexkor also fall in similar categories of problems as the ones I have already described. In the case of Alexkor, we have serious concerns and I have initiated forensic investigations into amongst other things: exclusion of certain contractors from marine mining procurement; lack of transparency on the sales and marketing of diamonds – some of them find themselves in bags from time to time; and lack of information on the sales of these diamonds as well.

I am currently reviewing the Boards of Safcol and Alexkor in line with what we have done elsewhere as well. Our key task, as we indicated earlier on, is to recapture and restore SOEs to their pride of place as they had many years ago.

In the next year, a central focus will be on recapturing these entities; and the task of rectifying years of abuse of our state-owned companies not only by the Guptas and their associates, but also by other corrupt networks that have already begun in earnest. We have taken our marching orders from the President, who in his SONA provided the context of a New Dawn, when he said "We will

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intervene decisively to stabilise and revitalise state owned enterprises".

The first step in bringing stability to all our state owned enterprises has been to ascertain and begin to address the malaise, depth of corruption and criminal behaviour that seems to have become endemic in these institutions.

Together with the Boards of each state-owned company and following due process, corrupt executives will undergo disciplinary processes and be dismissed and new management appointed and existing vacancies filled with people with proven capability and a track record of ethical behaviour. That is absolutely critical for the future.

Government has established a Judicial Commission of Inquiry to investigate matters of public and national interest concerning allegations of state capture, corruption and fraud. Like many departments in government, we will be making a comprehensive submission to the commission. We expect that the commission will proceed expeditiously so that the stultifying effect of state capture can be dealt with decisively and uncompromisingly.

There are various investigations also going on as far as the Special Investigative Unit, SIU and others are concerned.

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We shall not only be satisfied with putting the criminals in jail. The money that has been stolen from the SOCs and the things they have bought with them: expensive houses, flashy cars and jets, amongst others, must be recovered and returned to the state. The SOCs will liaise closely with and provide all the support they can to the law enforcement authorities, especially the Asset Forfeiture Unit to execute these tasks.

In conclusion let me say that holding private institutions that have colluded in state capture to account is also important. Whether it is the audit firms, financial institutions, advisory firms, legal firms, all of them have wittingly or unwittingly in many instances played a part in obfuscating masking state capture, as we have learnt in many of our enquiries in Parliament.

The SOC Council, which was established in 2016, and the SOC reforms are things that the President will comment on in due course; and the department will make its contribution in that regard as well.

SOCs have a vital role to play in our economy. It is important that we restore them to the true mandates and ensure that the hundreds of thousands of people that work in various capacities are using their talent in order to promote the national interest; and not to confuse people about what the role of these entities would actually be.

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I will make further comments in my closing remarks but let me thank everyone that has volunteered, patriotic duty to serve on the boards and management so far, there will be many more that will be called to do so. And the department's various programmes will be directed to ensuring that SOCs are monitored a lot more carefully than they have been in the past; and we expect to have close working relationships with the boards of these various entities. Thank you very much. [Applause.]

*IsiZulu:*

Nk L A MNGANGA-GCABASHE: Mphathisihlalo neNdlu yakho, amalungu ahloniphekile aleNdlu ...

*English:*

... all the Ministers and all Deputy Ministers and our guests, we South Africans are blessed with many icons admired by the world over for their humanism, courage and tremendous foresight. We are celebrating two women this year, Mama Nontsikelelo Albertina Sisulu who would have turned 100 this year and ...

*IsiZulu:*

... uMama uNomzamo Winnie Madikizela-Mandela osanda kusishiya.

*English:*

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These giants rose to become one of the towering figures of resistance against the brutal apartheid regime. We invoke the memory of our fallen heroes and heroines. We seek to return to the source; to ground ourselves in those ideals and values our forebears held dear. This debate comes during one of the most epoch defining moments for our country. As we awake from the nightmare of widespread corruption and corporate capture, we are making a choice that this moment must go down in the annals of history as that moment the people turned it around. As the corporate capture project had targeted primarily our state-owned companies, it is important that government should turn things around decisively in these entities.

Among these was always the principle of putting the people first. It is clear that our state-owned enterprises, SOEs, were seen by some cynical individuals and families as nothing more than private channel for feeding their insatiable appetites on the resources of the people. I want to pay tribute to the Portfolio Committee on Public Enterprises for their courage working in a multiparty inquiry, which is now preparing a report that will follow a process and be submitted before the House in the coming months.

*Isizulu:*

Njengoba sivumile sithi, Thuma Mina.

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*English:*

As we debate this budget, we must be guided by a bold and clear vision. We do not want modest improvement in our SOEs. We want to set the bar very high. We believe government's policy of placing state-owned entities at the centre of economic development and transformation is appropriate to our developmental needs. We therefore look to this budget to start a journey that will place our SOEs on a path to create wealth, reduce poverty, eradicate unemployment and grow the South African economy. We mandate our government to derive from the Medium-Term Strategy Framework, MTSF of 2014-2019 which is clear. The SOEs were expected to play the critical role of driving development through building and maintaining economic infrastructure.

Their key priorities would include the expansion of electricity supply and a public investment in the transport sector which would open up broader growth opportunities, both through improved urban commuter services and a substantial expansion capacity to carry freight by rail. The National Development Plan, NDP, envisaged investment in a strong network of economic infrastructure designed to support the country's medium and long-term economic and social objectives. This economic infrastructure is a precondition for providing basic services such as electricity and public transport, and it needs to be robust and extensive enough to meet industrial,

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commercial and household needs. As part of our responsibility to turn SOEs around, the portfolio committee has made a call to the Minister of Public Enterprises and the department to act in this financial year and to take action against board members of state-owned companies who are implicated in corruption, including those who have resigned from their positions.

*IsiZulu:*

Sithi nabaphathi nawo akubenjalo futhi kuwona, abikwe emikhndlwini yabo elawula imikhakha yabo njengama-CAs, onjinyela nabasebenza ngezomthetho. Siyakukhuthaza ukubekwa kwamacala nalaba abenze inkohlakalo nalabo abaphule umthetho we-Public Finance Management Act. I-consequence management mayisetshenziswe, baqondiswe izigwegwe.

*English:*

Working together we must fast-track the Shareholder Management Bill in order to strengthen the oversight capacity of the department. We would like to see a plan to expand the corporate social investment of SOEs to help our people in the rural areas; work with other departments to strengthen localisation to support small businesses and grow employment initiatives. We commend the work that has been done to respond to the call made by the President in the 2018 state of the nation address to intervene decisively to stabilise and

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revitalise our SOEs. We are encouraged by the decisive action taken already to strengthen governance, root out corruption and restore the financial position of our giant SOEs such as Eskom, Transnet and Denel.

*IsiZulu:*

Izinto zijikile.

*English:*

We believe that more still needs to be done. The department will take forward the restructuring and realignment process started in the 2016-17 financial year. This programme has been finalised and the new budget structure has been approved. In this financial year, government must deal decisively with matters of weak governance, with a particular focus on strengthening the boards and management of SOEs; reduce inefficiencies and fragmentation in order to improve the quality allocation of our SOEs and deal with delays and cost overruns in the delivery of capital projects. Parliament's oversight over the quality of spending will be crucial in the current financial year, as we are working within a relatively constrained fiscal space.

Government has to strengthen policy regulation to ensure that policy gaps and misalignment of policies become a thing of the past. The

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discussion on the funding model for SOEs is a matter of national importance to all South Africans. Our people cannot accept that a few of these companies continue to be a drain on the fiscus. Our SOEs must strike a balance between funding their developmental mandate as well as their commercial strategy. Indeed, there are bright sparks in the family of SOEs in the Portfolio Committee on Public Enterprises. Denel for instance demonstrated improving financial performance and reduction in debt due largely to its multiyear order book of R20 billion and the restructuring undertaken. We hope that the new interim board would be able to take this work forward. Despite the multiple challenges it has faced in recent years, Eskom's capital build programme is on track. Since 2005 the company has added 10 750 Megawatts of new generation capacity and 7 469 of new transmission to the national electricity grid. We welcome the announcement that says there shall be no loadshedding during this winter season. We encourage the board to put more effort in attending to the coal challenges.

We must applaud Transnet for leading the way with investment in research and development to the tune of R682 million. This investment will lead to the development of new technologies that will transform our transport and logistics industries into the Fourth Industrial Revolution. We also welcome the interim board that has been announced by the Minister. We are happy that the department

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is working to ensure that the remuneration and incentive standards for non-executive directors and senior management of SOEs adhere to the standards approved by Cabinet.

We are concerned, however, with the high costs incurred due to travel and use of consultants. These items coupled with the remuneration for employees are set to increase at the average annual rate of 8,1% in the medium-term, from R156 million in 2017-18 to R198,3 million in 2020-21. We are encouraged that the combined budget for department's oversight programmes will increase at a rate of 7% in the medium-term to 2020-21

*Isizulu:*

Sifuna futhi ukusho emphakathini waseNingizimu Afrika ukuthi sikujabulela kakhulu okwenziwa wuNgqongqoshe okwamemezelwa wuMongameli ukuthi, izinkampani zikaHulumeni, amabhodi abaqondisi angabe esawenza umsebenzi nezinkampani lezi abangamalungu amabhodi kuzona. Futhi sikushayela ihlombe osekuqaliwe okuholwa wu-Eskom futhi uNgqongqoshe amamezela ukuthi wonke amabhizinisi kaHulumeni makawenze futhi elandela umyalelo kaMongameli u-Ramaphosa ukuthi abasebenzi bezinkampani zikaHulumeni bangenzi amabhizinisi lapho abasebenza khona ngoba yikho lokho okwenza ukuthi bangene enkohlakalweni kalula. [Kwaphela isikhathi.]

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*English:*

Resources for oversight will be required to ensure we achieve the 54th National Conference governing party's resolution. Thank you, Chair. The portfolio committee supports the Budget.

*IsiZulu:*

Siyabonga. [Ihlombe.]

Ms N W A MAZZONE: House Chairperson, Minister of Public Enterprises, Members of Parliament, ladies and gentlemen, good afternoon. May I start off my 2018 Budget Vote debate by congratulating Minister Gordhan on his welcomed appointment as Minister of Public Enterprises. The loss of his membership on the Public Enterprises Portfolio as a member is the gain to the department and South Africa as a whole.

It is long overdue that our country stands together and once and for all heals the monster that is state capture, that almost destroyed our country as a whole. Once again, brave women and men of South Africa, who despite facing tremendous pressure, potential job loss, alienation from certain sectors, have boldly stand out and continue to do so and expose corruption, state capture, nepotism, cronyism and mismanagement.

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These South Africans must be applauded. To you all I say, thank you on behalf of South Africa for your determination to look out for the South African coffers; for your patriotism in the face of serious opposition, from the high echelons of power and know this that your names will go down as true South African heroes.

Our state-owned entities, SOEs, have not been only in a state of chaos, they have been in a state of capture. Still, every morning, another scandal brakes in the media. If we aren't dealing with the Gupta associated businesses being given tenders, we are dealing with children of employees being given multi-million rand deals and ex-CEOs being linked to various SOE contracts and wrong doings.

The Public Protector has certainly had her hands full with the DA requesting various investigations into the SOEs. The latest revelation, including the intimidation of journalists who have exposed this scandal, shows the lengths to which those with much to hide are willing to go to cover up. Criminal charges have been laid and these charges are now finally being investigated. These charges are serious and are a matter of national importance.

The DA welcomed the removal of Public Enterprises, Minister Lynn Brown, but this is simply the first step in rectifying the disaster that rocked our country's economy. I am most pleased that the

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committee of Public Enterprises has stood firm and that a full parliamentary investigations into the shenanigans at Eskom, Transnet and Denel are underway. These investigations bring into the public domain important information regarding state capture and cannot be left unfinished. What has happened as Eskom is a good start, and to Eskom I say, congratulations. It now needs to happen as a matter of urgency in Denel, Transnet, SAA, SA Express and Alexcor. The rich simply cannot keep getting richer while the poor become poorer. It is up to us to break this cycle, we can do this, South Africa, and we have to do this. We want the SOEs to work; we need our SOEs to work. We want to share our ideas of how to make them financially sustainable not to mention more effective. We may not have all the answers but this issue is of such national importance that we cannot make this a party political issue and we are all on team South Africa. We cannot let Public Enterprises debate goes by without talking about the plight of the Transnet pensioners. This issue has gone far too long. People are suffering, and we have an obligation ... [Interjections.]

Mr J R B LORIMER: Chair!

The ACTING CHAIRPERSON: Mr N A MASONDO: Can we have a bit of order! Mama Khawula, if that dialogue can stop across the benches, it will assist us to move forward. Please proceed!

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Ms N W A MAZZONE: Chair, we cannot let Public Enterprises debate goes by ... [Interjections.]

Ms M KHAWULA: I am standing on a point of order, Chair!

*IsiZulu:*

Awuthule wena ngifuna umhlaba. [Ubuwelewele.] Sengenzeni-ke mina ngoba ngizihlalele, ngibuza ngomhlaba mina ukuthi uthini ngoba ukhulumha ngenkohlakalo kodwa nabo banenkohlakalo, bantshontsha umhlaba wethu, abakawubuyisi

*English:*

Ms N W A MAZZONE: Chair, we cannot let Public Enterprises debate goes by without talking about the plight of the Transnet pensioners. This issue has gone on for too long. People are suffering, and we have an obligation to finalise this issue and stop the suffering. It is not the case of when? But now!

Minister Gordhan has shown us bravery and shown that he is a true South African Patriot. We now, however, need the Minister to dig deep and show us bravery one more time. The foundations have been laid, we have proved that we can expose those who have tried to collapse our country for personal gain. We cannot allow those who

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have been found guilty to simply slither away and disappear off the radar.

Now is the time to follow through. No commission of enquiry, be it parliamentary or otherwise, will ever be good enough. People need to be tried in courts of law and sent to jail. The full might of the law must be thrown at those who tried to sell our country. We need government and the cabinet to give us as, parliament, the final tool to finish the job we started.

The Department of Public Enterprises will play a pivotal role in ensuring that SOEs are never again, given the free reign they have enjoyed in the past to appoint unsavoury individuals to positions of power. This department must be the first line of defence for our county's economy.

This department needs to change fundamentally the way it operates, and it must start holding the SOEs to account by holding them to a much far higher standard of accountability and transparency. Do not let anyone stand in your way. This is your country duty!

We have broken the legs of the state capture monster, now is the time to break its back and teach a lesson to those involved that South Africa. We must and always put South Africa first. Let us

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stand together as team South Africa and slay the beast of state capture; let us deal its the final death blow. South Africa, we have got this!

South Africa was never, is not now and will never again be for sale. Our SOEs will never be bought by the Gupta family with the help of number 1 ever again. As the web of state capture starts to unravel, so will the stranglehold that this unwelcome family has over our country. The time is now to put a stop to this corruption and capture. South Africa will never be for sale again. Not on our watch!

Mr M M DLAMINI: Chairperson, they betrayed us, they lied to us and they stole from us. These are the words of over 40 000 Eskom workers, these are the words of over 45 000 Transnet workers and these are the words of over 5000 Denel workers. They say these words because the politicians who presided over this ministry were thieves. The administrators who were leading this Ministry also were thieves and the business people who were doing business with this Ministry were also thieves. However, let us welcome the firing of the corrupt Gupta stooge, Lynne Brown, we also welcome the removal of corrupt boards, corrupt executives from both Eskom and Transnet boards and let us also the welcome the removal of a racist board member from the Eskom board called Mark Lamberti.

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We also want to warn the new leadership of these entities that until the full disclosure of rot in Eskom, Transnet and Denel is exposed and dealt with, we will never rest. Nevertheless, let us the remind South Africa about the aims of this department. The aims of this department is to drive investment, productivity, transformation in the departments portfolio of the state-owned enterprises, SOEs, drive industrialisation, create jobs and develop skills but none of that has been realised because of lack of leadership in this Ministry both politically and administratively, governance has collapsed and some of the biggest state-owned companies are on their knees as we speak.

This was demonstrated during the Eskom enquiry that this Ministry for the longest time it has been under the leadership of thieves both politically and administratively. The rot in Eskom run so deep that during the inquiry, the instruction to suspend board members and executives was coming from Ms Dudu Myeni's home while Mr Zuma was in the same room, we are not sure why he was there and on what capacity, whether personal or professional. The rot at Transnet ran so deep that Gupta associates received billions in kickbacks in the locomotive tender when they were supposed to negotiate the price down on behalf of Transnet, instead they negotiated prices up.

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This systematic collapse of governance at state-owned entities was deliberate to allow this rot and no entity under this department was safe. As the EFF, we want to make the following proposal towards rebuilding credible and stable state-owned enterprises, SOEs, which will form an integral part of industrialization and state capacity going forward. Our first proposal is that we must amend legislation to end the powers of one Minister as the only shareholder with all the power of billions worth of state-owned entities because if you capture that one Minister, effectively you have captured all the entities.

The second proposal we are making is that, board members and senior executives of these state-owned entities must be selected and interviewed by Parliament the same way we do with other important appointments. The third and last proposal we are making is that the state-owned coal company, African Exploration Mining, must get the biggest share of coal supply to Eskom in line with our founding manifesto to build state capacity. State-owned companies have the potential to play a leading role in industrialization but only when they have a clear mandate, proper leadership and control of strategic sectors of the economy.

Minister, you must go and collect our money from Brian Molefe, Mackenzie, Trillion and the Guptas. We need that money back. Today

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we are spending millions unnecessarily on the state capture because this was allowed to happen under the ANC government. The EFF rejects this Budget Vote. Thank you, Chairperson.

Mr N SINGH: Hon Chairperson, one will excuse the pun as this is an extremely serious debate. However, enterprises falling within this portfolio have been at the cold face of the state sponsored corruption and to this day remain a veritable cash cow for certain unscrupulous public officials and well connected political and business interest in South Africa. As a model of nepotism, maladministration and mismanagement it has no equal. The IFP has long been vociferous in its call for disbanding of this department and for its entities to be reassigned to fall under the line function departments. In fact, the IFP did not support the Budget Vote last year. Classifying the last year in this department as an *annus horribilis* would in fact be far too kind and would not do justice to the extensive amount of damage that has been ricked upon our country and the tax paying citizens by sheer gross mismanagement, maladministration and corruption that has been taking place.

Chairperson, although this principally remains our position, our concern has been greatly alleviated since the appointment of Minister Gordhan as Minister of this portfolio which includes

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political authority over the six state-owned companies that fall within its mandate. Minister Gordhan's presence was a light at the end of this tunnel ... [Inaudible.] in terms of the effective ministerial oversight of state-owned enterprises. I have known him for the better part of 47 years when he was my student leader in 1971, and there is one illness that he does not have, that is arthritis. Arthritis makes your hand bend this way. Today, the cancer of corruption in our society is arthritis because everybody wants something for a tender. So, Minister, you don't have that, I know you will continue in that light.

The arms length approach that was adopted by your predecessor simply did not work and we are seeing such *laissez-faire* attitude come to light now in terms of the public enquiries that are taking place in this portfolio. The crack of the matter is that almost half a trillion rands of taxpayer's money is just standing there as state guarantees for the state-owned enterprises. If they fail, then it is the taxpayer's money that will be called upon. It is not only the operational side of the enterprises but these guarantees that you must protect. Minister, you have hit the ground running but I want you to please look and investigate Transnet acquisition of the former Durban Port for what was described a record R1,8 billion. At that time, Minister Malusi Gigaba, said that there would be 64 000 jobs during the construction and 28 000 permanent jobs. We need to

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know where we are with that project, if there was value for money and are we seeing any Eskom light at the end of the tunnel.

Hon Minister, we have faith in you and the new boards that you will be appointing, we know that you will have new officials within the department. In that spirit and with the hope of a turnaround, we will give you the benefit of a doubt in leading this department. Maybe in time to come, as a collective in government you will agree that this ... [Inaudible.] department would fall under a particular line function department but for now we need the department of state-owned enterprises, your leadership and we will support this Budget Vote. Thank you.

Prof N M KHUBISA: Chairperson, hon Ministers, Deputy Ministers, hon members and guests, state-owned enterprises play a critical role in poverty alleviation, job creation and economic growth. These SOEs are strategically positioned to help enhance the developmental needs of the country. The SOEs play an operational role in that regard.

The Department of Public Enterprises is the shareholder representative of government. It works through boards that ensure good governance, financial sustainability, transformation, equity, infrastructural maximisation to create jobs. Most of the SOEs have been engulfed by huge challenges of fraud, corruption, bad

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governance, maladministration, etc. Reports of fraud, corruption and maladministration at Eskom, Denel, SAA ... Minister, we are happy that you say these would be a thing of the past.

The NFP therefore supports your priorities for reviewing current boards' improved efficiencies, restoring SOEs' financial sustainability, reducing of dependence on the government fiscus like it happened with SAA ... and Eskom had to recover from that as well.

And also, the reduction of corruption...

And it adds a new impetus to hear that these SOEs will be revitalised in a bid to make them profitable.

And we acknowledge also the capital expenditure programme that's coming ... R150 billion, coming largely from [Inaudible.] and also Eskom which is R60 billion. We hope that these will be used profitably to create jobs and also to alleviate poverty.

We also welcome the Eskom build programme and municipal electrification project, which of course are the two labour-intensive projects to create job opportunities.

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The SOEs must ensure that those of our people who were previously disadvantaged get jobs and also business opportunities. You have alluded to this, hon Minister. Of course, all of these will enhance economic growth and assist in poverty alleviation. We want to applaud and commend the portfolio committee for doing a sterling job of an enquiry into the affairs of Eskom. Those who resigned after committing fraudulent and corrupt activities must be brought to book. It would be unfair if they escaped when we have so many people who are starving as a result of their activities.

Our ports are our treasure. We must expose our young people – women, in particular – to the maritime industry. We therefore welcome the amount of R2 billion towards improving port infrastructure.

We are happy to hear that spending on consultants will be decreased by 15,9%.

Minister, the allegations of political interference and bad treatment of the employees at some of the ports is worrying. The NFP requests that you check on that.

State-owned entities must continually transform. Our rail and line must be improved. Technology must improve. The original and global

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agenda is therefore welcomed. We must forge partnership and connection with Africa and the rest of the world.

We must continue to spearhead the industrialisation and the energy resource programmes. The decrease of the budget of the energy resource from R27,7 million to R15,9 million is unenviable. State-owned entities must shape up. They must be focused towards producing beneficiation, localisation and black industrialists.

The Department of Public Enterprises must target schools and expose our learners to its offerings. I know that Eskom has a leadership programme through which some of our learners are given learnerships, etc.

The recommendation on disciplining, firing and charging corrupt board members and executives, is welcome, hon Minister.

The Stakeholder Management Bill must be fast-tracked, then the Department of Public Enterprises must introduce a more comprehensive corporate social investment plan for communities in rural areas.

We support the budget. Thank you. [Time expired.]

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Mr R M TSELI: Hon Chairperson, Ministers and Deputy Ministers, hon members, boards of SOEs, senior executives, guests in the gallery and fellow South Africans, the ANC supports the budget of the department of Public Enterprises.

In his state of the nation address, President Ramaphosa stated that:

Many of our state-owned enterprises are experiencing severe financial, operation and governance challenges, which has impacted on the performance of the economy and placed pressure on the fiscus. The recent action we have taken at Eskom to strengthen governance, root out corruption and restore its financial position is just the beginning.

He further indicated that government will take further measures to ensure that all state-owned companies fulfil their economic and developmental mandates.

Since that pronouncement, tremendous progress has been registered in some state-owned companies by the ANC-led government in attending to these challenges. My contribution to this debate will touch on some of the interventions government made as well as the achievements registered since the last budget debate, focusing largely on Alexkor and Denel.

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Alexkor has spent in excess of R6,5 million on Integrated Development Plan, IDP, projects in collaboration with the Richtersveld Municipality. These projects include the upgrading of the sewerage pipeline infrastructure to meet the growth through RDP housing. Other projects include the upgrading of community halls, renovation of clinics, repairing of water supply systems, renovation of houses of disabled community and also the municipal resort. The Resort is well-resourced in order to aid the municipality's income.

These are just some of the success stories of this only remaining diamond mine in the Richtersveld area and also one of the biggest in the greater Namaqualand region.

About 13 000 people in the Alexander township rely solely on Alexkor for municipal services like water, electricity, road infrastructure, collection of refuse, maintenance of parks, etc. The provision of bursaries for four students and other youth development programmes such as diver training, the sponsoring of salaries of teachers as well as the provision of food hampers for senior citizens in Kuboes, Sanddrift, Lekkersing and Eksteenfontein will go a long way towards the social upliftment of the communities I mentioned.

The company provides Adult Education and Training to employees and community members in the area and also pays monthly stipends to

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Mining Qualifications Authority students studying at the FET College in O'Kiep for workplace exposure at the mine.

The portfolio committee is pleased about the significant progress that has been made in discharging the legacy rehabilitation specified in the Deed of Settlement by demolishing all buildings in the mine and Alexander Bay Township that are not required for operations because of their asbestos roofs. This shows the extent to which the company is concerned about the health and safety conditions of the people in the area.

We are however worried about the slow pace of the payment of the R45 million for development in the Richtersveld and we therefore urge the Minister to urgently attend to all the outstanding matters in this regard including ensuring that the board and community structures are properly and legally constituted.

Hon Minister, the sustainability of state-owned enterprises to effectively execute their mandates cannot be overemphasised. We expect them to develop other sources of revenue instead of placing too much pressure on the fiscus. The days of bail-outs must be something of the past.

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The 2017-18 financial year was the most difficult year for Denel but we are pleased with the turnaround strategy put by the Minister to ensure the sustainability of the company. The strategy encompasses, amongst others, restructuring aimed at the reduction of operational cost base to benchmark levels as well as adjust market-driven skills, redesign for sustainable high performance business operations and, lastly, re-alignment to secure key enablers for the company to expand and penetrate new markets.

The Fitch rating agency has since confirmed its national and long-term and short-term ratings as positive and stable, reinforcing the strength and focus of the company's resilience under extremely trying business conditions. At the heart of Denel's reason for its existence is its continued ability to deliver on its mandate to be a strategic asset of the state which provides sovereign security capabilities to the SA National Defence Force, SANDF.

In the area of education, almost 1 000 learners from Grade 10 to 12 benefitted from the Schools Outreach program offered over weekends and during school holidays especially in Maths and Science. Though most state-owned companies reporting to the Department of Public Enterprises have drastically decreased their spending on consultants, a lot must still be done. At the same time, the Department of Public Enterprises must ensure that specialised and

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skilled staff as well as qualified board members are appointed in line with the ruling party's 54th national conference resolutions.

The department must strengthen its oversight capacity to ensure it is up to the task and there must be consequence management for those responsible for wrongdoing.

As the portfolio committee, we will monitor with keen interest the implementation of the recommendations of the Eskom inquiry we have just concluded once they are adopted by this august House. The ANC initiated and led this enquiry because we remain committed to root out corruption in our SOCs as per the call by the President.

Equally so, we will do the same with the recommendations of the Presidential Review Commission which is aimed at realigning SOCs in line with the ANC's conference resolutions including remuneration standards of CEOs. We have noted there has been slow progress in that regard.

Hon Minister, the ANC welcomes your commitment to prioritise financial and governance challenges in the SOCs including the dissolution of all dysfunctional and corrupt boards, like the replacement of Transnet board members you announced yesterday.

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We pledge our unequivocal support to you in your endeavour to ensure that state-owned entities fulfil their economic and developmental mandate. Once more, the ANC supports the budget. Ndo livhuwa.

Adv A de W ALBERTS: Minister, last year I told the previous Minister that her Department had become the feeding ground for a small but ferocious group of public employees and their private sector connections that are eating and stripping public and private assets like piranhas. Now things have changed.

*Afrikaans:*

Voorheen het die staatskapers straffeloos opgetree sonder dat hulle eens veel moeite gedoen het om hulle handewerk weg te steek nie. Nou hardloop hulle vir die heuwels. Daarvoor verdien u erkenning, Minister.

*English:*

It is also our duty today, therefore, to bring more state capture examples and other concerns to your attention. You might be aware of some, but we are also introducing new allegations that deserve attention. We are today focusing on Transnet and Eskom in relation to pensioners.

*Afrikaans:*

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Eerstens, Eskom. Gegewe Eskom se hoë skuldbvlakke en die hoë vlakke van effekte alreeds uitgereik, moet die Minister toesien dat die Staatsdienspensioenfonds nie verdere blootstelling aan Eskom kry nie. Eskom is tans 'n sub-beleggingsgraad entiteit en pensioenaris se fondse kan nie gebruik word om die Eskom-stukke op te tel nie.

*English:*

Secondly and importantly, Transnet: The Gupta-linked Regiments Capital nested itself deep within Transnet. With the help of their connected friend, Stanley Shane, they were appointed to perform tasks that Transnet could actually perform themselves. Mr Shane then moved on to become the chairperson of the two struggling Transnet Funds, whose pensioners are now in a R80 billion court struggle against Transnet for stripping their funds.

Coincidentally, Regiments was appointed as the Fund Manager for the two struggling pension funds. Regiments was recently suddenly removed when they were caught performing an interest-swap transaction in conflict of interest on behalf of the Transnet Second Defined Benefit Fund, TSDB Fund. We need to alert the Minister regarding the following irregularities that deserve investigation and action by prosecuting the responsible Transnet Board members and trustees of the pension fund involved.

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We have established that the appointment of Regiments was contrary to the Preferential Procurement Framework Act. Furthermore, the interest-swap transaction with Transnet as the counterparty exposed the Transnet Second Defined Benefit Fund to a transaction that could almost have wiped out the entire fund. We will provide the Minister with a report on which further action can be taken. In the meantime, we have submitted the report to the corruption desk of the Hawks.

I also wish to impress on the Minister to expedite the settlement of the class action court case against Transnet and the government. We ask the Minister to take note of the following two factors: The R80 billion claim is now more than R100 billion due to the addition of moratory interest; and the Constitutional Court ruled that the pensioners have a reasonable prospect of success in the matter.

This means that should the matter not be settled, and the case is lost by Transnet, it will set in motion a domino effect of credit ratings meltdowns among all state-owned enterprises in South Africa, and possibly including the state itself.

*Afrikaans:*

Ons vra dus dat die Minister dringend optree om pensioenaris se belang te beskerm teenoor beide Eskom en Transnet.

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*English:*

Thank Chairperson and thank you Minister. [Applause.]

Mr W M MADISHA: Through you Chair, hon Minister, you have played a positive role, both pre and post pseudo-Presidency of Mr Zuma and we welcome that. One therefore wishes to say: Welcome back! History will recall that the beginning of South Africa's industrialisation was centred on the creation of Eskom and Iscor – the two SOEs. Of course, others have emerged.

The National Development Plan, NDP, states that our SOEs are central to advancing our national objectives through the provision of economic and social infrastructure. In this regard, the NDP notes that the country needs to be served by a set of SOE's that are efficient, financially sound and well governed that address the country's developmental objectives in areas where neither the executive arms of government nor the private sector are able to do so effectively.

Continuing, the NDP states that these enterprises must deliver a quality and reliable services at a cost that enables South Africa to be globally competitive. With each passing day, the extent of the capture of many of our SOE's becomes more worrisome in its extent and the damage done to our developmental objectives.

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The efficiency and efficacy of our SOE's has been seriously damaged. Most are far from financially sound or self-sustainable and many are a significant drain on our fiscus. Many have been despicably governed, maladministered and rendered dysfunctional. Instead of fostering and furthering our developmental objectives, many have imperilled our development and future.

It will take time, effort and resources to right the wrongs done and to get our country back. [Interjections.]

The ACTING HOUSE CHAIRPERSON (Mr N A Masondo): A minute left!

*Sesotho:*

Mong W M MADISHA: Iketle maane, eish! [Ditsheho.]

*English:*

Mr Minister, South Africa breathed a collective sigh of relief at the forced resignation of Mr Zuma from the Presidency. And, many have welcomed your appointment to this key Ministry – especially given the task of recapturing of our SOEs.

It is imperative that the governance and administration of our SOEs is directed by the values and principles set out in Chapter 10 of our Constitution. It is through you that we expect from our SOEs: A

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high standard of professional ethics; efficient, economic and effective use of resources; that our SOEs are there not to bolster their own reason for existence, but to ensure the achievement of our national developmental imperatives; that they ensure transparency and our access to information; ... [Time expired.] I must say that we welcome this Budget Vote and hope that we shall be able to move forward properly. Thank you very much.

Dr Z LUYENGE: Chairperson, Ministers that are present and of course under the leadership of our own Minister hon Pravin Gordhan, congratulations for being appointed by the ANC to steer this ship that we rely on. The ANC in supporting this Budget Vote ... I wish to remind some of the listeners and readers of social media that a story was trending on social media last weekend where one of the online news outlets started the story with a witty headline which read, "Drama in midair: I started imagining my own funeral". These words were reportedly spoken by an SA Express passenger on a flight from East London to Johannesburg. She described how she and other passengers were terrified as the plane's engine failed in midair. She had boarded the plane at 06:30 on Friday morning en route to a meeting in Pretoria. Needless to say, she did not make it to that particular meeting. The pilot made a chilling announcement when the plane was thousands of metres above the earth that, "We have lost one engine." Fortunately, the pilot was able to turn the Bombardier

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CRJ700 regional jet around and land it safely at East London airport.

It was also reported that on the same day another SA Express flight from Cape Town to Port Elizabeth also returned to the airport due to technical glitches. Once again social media went abuzz with posts, comments and retweets by traumatised passengers, fuming about their ruined plans.

One of these posts was by a well-known journalist who took to Twitter and wrote: "I should have told my crush I love him". In another tweet she said, "#SA Express, I've always hated you ... I hope Silili sells you ... useless airline".

The response from SA Express was that the airline is co-operating with the SA Civil Aviation Authority in its investigation into the cause of the malfunction. If SA Express was one of the privately-owned commercial airlines, I believe we would all be up in arms condemning the recklessness of the greedy corporates who place profits ahead of our people's lives.

Whereas this is one of the entities from the family stable of Public Enterprises, it is imperative that we hold it to an even higher

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standard of scrutiny. Our oversight must be conducted without fear or favour but it must still be factual and fair.

The Minister has been frank about challenges facing the airline and we need to commend him for this. We now know that there has been rampant malfeasance at the company that needs to be investigated. Several of its aircraft are still grounded since May 2016 when the SA Civil Aviation Authority took that decision.

The hon Minister recently informed our committee that the board of SA Express is all but depleted and that a deputy director-general from the department has been seconded to act as chief executive.

The fact that the number of aircraft has decreased due to many technical defects has resulted in a decline in aircraft availability and reliability. These shortages of aircraft and the technical problems must be arrested if the company is to be sustainable. This led to the recent horrifying experiences of passengers that were recounted in vivid detail on social media and the traditional press.

Government must make sure that collaboration between SA Express and other state-owned entities, SOEs, continues and that opportunities to share best practice and technical knowhow are created. The ongoing ... with SA Airways to find synergies on commercial

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activities, procurement, human resources and information technology must be consolidated to ensure that the two airlines are both saved.

In spite of the seeming doom and gloom, SA Express has performed relatively well in the training of highly skilled personnel such as pilots, most of whom are from historically disadvantaged communities.

As we conduct our review of SA Express, we must look back and learn lessons from the decisions that have been taken over the years by successive boards and the shareholder. These include investment decisions on capitalisation, maintenance of the fleet, governance, the appointment of suitably qualified staff in key positions and the injection of resources to ensure the viability of the company.

We are concerned about the issues of a criminal nature that are being investigated. We have not received a report on what has been done about those people who have had a hand in the malfeasance, including the one who has resigned from the company.

Equally, at Eskom we want to see some people who were at the centre of capturing and repurposing our SOEs for the benefit of certain families being put behind bars. As we sat through the painful

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parliamentary inquiry testimonies, we became very conversant with the governance challenges that have plagued Eskom for many years.

We understand the scale of the problems and appreciate the work done so far by the new board and management, overseen by the Minister hon Pravin – well done, Mkhuluwa – and the department. We believe that we need to give this new competent team a chance to work on their turnaround strategies. In spite of all the challenges, we still need to take a nuanced view of Eskom. It is unfair to see the company as if it is entirely in tatters. It is still a giant power utility with an enormous footprint in the Southern African economy and massive resources and capabilities. Eskom has maintained a satisfactory operational performance even though all financial indicators had declined. The low profitability was mainly due to high costs, low tariff increases and low demand for electricity. The progress made in clearing the audit qualification issued in the previous financial year must be applauded. We must welcome reports that Eskom had realised efficiency savings over a five-year period in excess of a R60 billion target.

The work of the new Eskom board and management that has raised R57 billion from the financial markets, most of it since January for the year ending 31 March 2018 to provide liquidity, is nothing short of a miracle. It suggests that our power utility was saved from the

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brink of collapse. We know we are not out of the woods yet but I want to assure the honest, hardworking people at Eskom that they will find in our portfolio committee, under the leadership of hon Gcabashe, a dependable ally in their work to turn around the institution I want to confirm to hon Pravin Gordhan that we rely on you. As we perceive our country as a developmental state, we want the role of the communities in the activities of the entities and the department to be very clear, and we want to make sure that where South Africa belongs and where South Africa globally competes it is there and it is not just a miracle. It is something that we fought for and we will continue to ensure that the sustainability of these entities is the sustainability of South Africa competing globally.

Thank you, Chair. [Applause.]

Mr S N SWART: Chairperson, the ACDP wishes to congratulate Minister Gordhan on his appointment. We are grateful that he has been appointed to this all-important political control of this all-important portfolio, and we welcome his announced intention to recapture the state-owned entities, SOEs, and halt the vicious looting and theft that has taken place.

We also want to pay tribute to him and to all our colleagues across the political parties who served diligently on the Eskom enquiry. You remained resolute and strong and were determined to expose the

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rot of state capture at Eskom, despite death threats and other forms of victimisation. An inquiry has shown what parliamentarians can achieve in exercising our oversight function effectively when united in purpose.

Minister, who will forget your penetrating cross-examination of former Minister, Lynn Brown? As a lawyer, I was very impressed. But be it as it may, it is disgraceful that Guptas and others were aided and abetted to loot South African SOEs and departments. This was a coordinated political project whereby governance structures were systematically repurposed to serve corrupt interests. But, critical checks and balances built into Constitution were also undermined to enable ill-gotten gains to be channelled out of South Africa.

Institutions such as the SA Revenue Services, Sars, the Hawks, the Special Investigation Unit, SIU, were all affected. They were starved of resources and led astray by politically appointed leadership. An example of this was the ample *prima facie* evidence of state capture made available in the Public Protector's Report way back in 2016. Yet, very little was done by the Hawks and National Prosecuting Authority, NPA, until earlier this year when the Hawks recovered from the avian flu.

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We were constantly given assurance in the Justice Committee that investigations were ongoing, and that there was no chance that the Guptas would be able to flee from the country. But that is exactly what happened. We are now at the mercy of foreign law enforcement agencies to ensure that the suspects are returned to South Africa. Thankfully, the Asser Forfeiture Unit managed to obtain a number of preservation orders against their companies.

This includes McKinsey and Trillian, McKinsey who offered to pay Eskom R1 billion back. We sat on this enquiry and I said to Eskom at the end of last year that they should get a court order because it's easy to get R1 billion. Nothing was done. Thankfully, now the Eskom board is at least trying to get the money back. The Asser Forfeiture Unit is ahead of them in the queue and there is a chance that those funds might go to the Criminal Asset Recovery Unit.

So, we also need to be mindful as parliamentarians that the Guptas, Duduzane Zuma and others have treated Parliament with absolute contempt. This was foreseeable and that's the reason why I recommended back in December that summons should be issued then already. I think that Minister Gordhan you also indicated that we need to take urgent steps against them. [Interjections.]

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Having said that, Minister, there is a new dawn and attempts to be made to stabilise our SOEs, and we support that. We also agree that Directors need to be held to a high standard of cooperate governance and accountability. Directors must be our criminally and civilly liable. In addition, as I've said before, where there are serious bridges of our judiciary duties, Minister, bring section 162 applications to have those Directors declared delinquent Directors.

It doesn't help them to be moving from one directorship to another, we have to prevent that and please look into the way the lists are drawn up by the Department of Public Enterprises as to who can qualify to be Directors. We are on course to recapture the state-owned companies, SOCs, the looters will be looted, the state captures will be captured, and justice and righteousness will prevail. I thank you.

Mr N T GODI: Hon Chair, Comrades and hon members, state-owned entities, SOEs have been in the news for wrong reasons: bailouts, state guarantees and breakdown in governance, leading to mismanagement of public funds through waste, theft, maladministration and corruption. Drastic measures are necessary to ensure proper management so that they don't become burdens to the fiscus.

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We need strong political and administrative will to ensure that SOEs serve and achieve their strategic objectives of job creation and transformation. It is the conviction of the APC that the SOEs must be consolidated and be actually expanded, to enhance the state's hand top transform the inherited socioeconomic power relations from apartheid.

Therefore, prioritisation will be inconsistent with the goal of job creation. SOEs are number one in the misuse of expansions and devastations which favour long established white companies.

Deviations are supposed to be an exception, but this is widely abused to favour white companies. The capture of SOEs goes far beyond the Guptas, for an example, Bidvest security contract was extended 13 times without going on tender at Transnet.

Eskom is too big to fail. It can cause real and serious risk to the economy. Mr Hadebe proved himself when he held turnaround the Land Bank. We wish him well at Eskom together with everybody there. However of note is, what is the risk of Eskom's balance sheet of the Independent Power Producer, IPP, contracts as well as the nonpayment for electricity by dysfunctional municipalities.

Lastly, on this Africa Month, we remember the fighters for the cause of Africa. We remember Jaftha Masemola, the longest serving prisoner

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on Robben Island who taught us, his disciples, that we are not paper tigers, but real blood tigers. Chairperson, hon Kwankwa said I should publicly apologise for his absence, he had an emergency. Thank you.

Mr E J MARAIS: House Chairperson, today I dedicate my speech to the hon members of this Portfolio Committee on Public Enterprises. Members who were brave enough to stand up against corruption in state-owned enterprises, SOEs, and stood up to intimidation. They spent hours working through documents requested and questioned witnesses until late in the evening at Parliament's Public Enterprises Committee Inquiry into Eskom.

The governance of South Africa's power utility has been undermined and repurposed to materially benefit a politically connected elite while compromising national and social development. The committee probed breeches of laws and regulations and exposed individual acts of corruption. Where these were clear, it will recommend prosecution and forward relevant details to the national prosecution authorities.

The Department of Public Enterprises oversees six state-owned companies that play a pivotal role in providing services to our people. These six companies are the key drivers of economic growth

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over the short and medium-term. The DA, however, supports the partial privatisation some of these SOEs. The DA supported National Development Plan, NDP. The Department must strengthen its oversight capacity and implement its new strategy to improve the performance of state-owned companies in order to sustainably enhance their contribution to the implementation of the NDP.

The capital expenditure programme in state-owned companies, under the oversight of the department, is an important policy instrument to accelerate economic growth. This has largely been driven by Eskom and Transnet. As far as the budget is concerned, the majority of the allocation is within compensation of employees. Spending on consultants-sits at 11,5% of the budget over the medium-term and that is too much.

The budget for legal services increased by 4,3% over the medium-term and is acceptable to ensure compliance with the applicable legislation. Travel and subsistence increased by 45% from R13,4 million in 2017/18 to R19,5 million over the medium-term and that is far too high. The Auditor-General report on the Annual Performance Plan of the Department Public Enterprises for 2018-19 financial year stipulates in its findings that certain indicators are not well defined and verifiable and certain targets not being specific and measurable.

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SOEs are experiencing governance and financial challenges that have affected their performance and weakened their governance structures. Chairperson, to highlight just a few: Firstly in Eskom, corruption eroding needed cash and credibility of the institution; and executive management in acting positions. Secondly, in Transnet, lack of action and consequences for widely reported allegations of corruption; and poor consequences management and inability to close on cases against corruption.

Thirdly, in South African Express Airways, there is lack of credible leadership and poor financial performance; and delays in the finalisation of commercial agreements with SAA that continue to erode any revenue opportunity for the airline ... [Interjections.]

Ms M S KHAWULA: Chairperson, I'm standing on a point of order!

The HOUSE CHAIRPERSON (Mr C T Frolick): Hon Marais, let me just take this point of order!

*IsiZulu:*

Nk M S KHAWULA: Bengibuza ukuthi angawuthatha yini umbuzo umhlonishwa la ngaphambili.

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The HOUSE CHAIRPERSON (Mr C T Frolick): Hon member, are you prepared to take a question from the hon member?

Mr E J MARAIS: Not today, thank you very much!

The HOUSE CHAIRPERSON (Mr C T Frolick): Not today! Continue hon Marais!

Mr E J MARAIS: ... In Safcol, the instability at executive management level; and land claims not solved. In Denel, there are allegations of corruptions against previous board and management; and liquidity challenges and ageing plant and equipment. Alexkor, operating cash balance is depleting without a stable source of income and delay in the implementation of the settlement agreement with the Richtersveld community.

*Afrikaans:*

Voorsitter, daar is 'n uitdrukking in Afrikaans wat lui, "Nuwe besems vee skoon". Ek moet Minister Gordhan komplimenteer dat, sedert sy aanstelling, hy al heelwat vermag het met nuwe aanstellings van raadslede wat 'n daadwerklike bydrae kon lewer en oor kennis beskik op die onderskeie rade. Strategiese poste op uitvoerende vlak by verskeie maatskappye is egter vakant. Die

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Minister het 'n enorme taak op hande om dit so spoedig moontlik met die mees bevoegde individue te vul. Baie dankie.

Ms D Z RANTHO: Hon Chairperson, Ministers, and everybody inside the House, let me also congratulate Minister Pravin Gordhan to be our Minister in the department. I just want to make few remarks or comments on what members have stated here. Hon Dlamini, if you say you reject this Budget Vote and you are giving Minister lot of work to do, how is he going to work?

*IsiXhosa:*

Ufuna ukuba asebenzise ntoni ukuze kulunge kwezi zinto afuna ukuzilungisa xa ungalwamkeli olu hlahlo-lwabiwo-mali.

*English:*

I also want to say the issue of the Minister being a sole shareholder is in the government priority and is dealing with it. There is a council that will be set up for state-owned companies. Therefore ...

*IsiXhosa:*

... yonke le nto uyithethayo yinto esiyaziyo nento esiza kuyenza kuba kudala ikwimanifesto yethu siyisebenzisa yona.

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*English:*

Hon Alberts, Eskom paid the loan of the Public Investment Corporation, PIC, within 30 days. Therefore, it was correct for PIC to loan Eskom.

This year we are celebrating lives of people well lived in the month popularly known as the month of mothers. I just want to say to the South Africans, our loss of Mama Winnie Madikizela-Mandela and Zola Skweyiya was a gain in heaven and to us as the ANC because that means there are good things that are still coming.

*IsiXhosa:*

Kuza kulunga.

*English:*

I also want to dedicate this speech of mine to Mama uSisulu who would have been turned 100-years today. She dedicated her whole life to human rights, dignity and freedom of our people. She was jailed and sent to solitary confinement several times, just for fighting for human rights, which we are also fighting for now. If we are fighting unemployment and poverty, we are fighting for human rights. Therefore, our state-owned enterprise, SOEs, that are meant to create jobs for our people, it is their right to create those jobs.

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It is your responsibility that you must create those jobs for our people to have a better life going forward.

We must also liberate ourselves as South Africans psychologically; and our youth, in particular, must draw inspiration from the mothers of our struggle and believe that they are not destined to be domestic workers and gardeners. They must work hard and take advantage of opportunities made available by our ANC-led government to study and become pilots, engineers and outstanding leaders in their fields of endeavour. You know for several days I have been listening to the opposition parties talking about the ANC that always blames apartheid. Well, we understand why you don't want us to blame the apartheid because you don't know the pain that we went through.

*IsiXhosa:*

Nani nibancinci ...

*English:*

... you do not know ...

*IsiXhosa:*

Ukuba ucalucalulo lwalubaphethe njani na abantu, nifanele ukuphendula ngohlobo eniphendula ngalo.

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*English:*

The broad public sector has a huge role to play in changing the lives of poor communities. Transnet has led the way in changing the lives of students from poor backgrounds who have become engineers and technicians. I know of a young woman from kuGatyana who was working at the locomotive of Transnet. She is from the rural areas of Eastern Cape. I have seen her with my own eyes.

The HOUSE CHAIRPERSON (Mr C T Frolick): Order, hon members.

Ms D Z RANTHO: The company has trained 2 359 artisans who have qualified since 2014; four hundred and twenty four engineering bursars graduated since 2014; and over the same period, 1 200 engineering technicians received experiential training at Transnet. This entity has set aside R7,7 billion for training over the Market Driven Strategy, MDS period

*IsiXhosa:*

Mama uSisulu, siyafuna kwaye sizimisele ukutshintsha ubomi babantu bethu kuba thina asizange silifumane ithuba lokuba sitshintsha ubomi bethu.

*English:*

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We are lagging behind as a nation in terms of research and development. Transnet is investing in this in this field because it sees this as the pinnacle in its drive towards becoming Africa's leading original equipment manufacturer, OEM, including amongst others, a new diesel locomotive that they would want to construct going forward. Transnet managed to move loads on our roads of about 87,9 million tons from 2013 to 90,7 million tons in 2017, which is not enough but they have not yet reached their target and they are going to reach that target. These achievements come despite the challenging operating environment and fluctuation of demand.

Exporting of coal grew from 68,1 in 2014 to 77,0 in 2017-18. The ANC-led government will continue to support Transnet's epoch-making investment drive, which injected an unprecedented R143 billion in South Africa's rail, port, pipeline infrastructure and equipment. Therefore, it is not all doom as reflected outside.

In its social investment the Phelophepha train services continue their work in offering unique clinic on wheels, providing health care, especially to disadvantaged communities.

*IsiXhosa:*

Umsebenzi wokonga esawushiyelwa ngumama uSisulu, usaqhubeka. Enkosi Mama.

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*English:*

We acknowledge the challenges we have in our state-owned companies, SOCs but we will make the new dawn a reality and there is hope going forward. The Thuma Mina programme is being rolled out. Our people have welcomed the change in our government with open arms and we will continue to move South Africa forward.

Honourable Chairperson, SA Forestry Company, Safcol, is a company not well known in South Africa that operates in Limpopo, Northern Cape, KwaZulu-Natal and Mpumalanga's rural areas.

The HOUSE CHAIRPERSON (Mr C T Frolick Order, hon members.

Ms D Z RANTHO: It manages and controls state forests and its mandate and their scope of operations is mainly rural. The ANC wants to see community development and economic growth in our rural areas. Over the past 4 years SAFCOL has invested R31,6 million in community projects, training and capacity building. Mama Sisulu fought for human rights and dignity not for a few individuals, but for everybody, regardless of colour, creed or background. SA Forestry Company managed to construct a number of timber structures in communities such as Early Childhood Development, ECD, centres where they operate. Mama Sisulu, we want to bring back the dignity of our people.

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*IsiXhosa:*

Ayikho into ezakusoyisa.

*English:*

Minister, you agreed to the Thuma Mina call and we are here to walk with you in cleaning and changing the image of the SOCs. You have already made some changes to bring back the integrity of our state-owned companies by changing some of their board members.

*IsiXhosa:*

Amanye amakhalkane ke asisayi kuwanceda kuba azovela aziwele nje kuba ke ayazibona nje ukuba kufuneka ewile. Siyabulela kubantu abasincedisayo nokulwa urhwaphilizo. Lo urhulumente we-ANC ayinguye urhulumente worhwaphilizo kwaye siza kuluwa urhwaphilizo luphele nya ngentsebenziswano nangobambiswano.

*English:*

President, your call has been received by the whole country. Therefore, we dare not fail you as your organisation. South Africa is ours; we don't have any other place or anywhere else to go. And I want to be there; I want to be there when communities triumph over of poverty and disease. I want to lend my hand.

*IsiXhosa:*

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Andifuni ukuma apha ndibe ndingxolo abantu belindele iinkonzo phaya ekuhlaleni. Ndiza kuma apha ndiye nento ebantwini. Ininzi into esiyenzileyo singulo rhulumente waseMzantsi Afrika. Ngokutshintshatshintsha abaphathiswa side sifumane uMphathiswa oneembono ngenkqubela phambili yamaMashishini kaRhulumente siyavuya kwaye siza kuqhuba siye phambili. Abantu abangavumiyo ukuba sisebenza, sizakusebenza nikhona ningekho, nifuna ningafuni kuba abantu bajongethina.

Sanikwa uxanduva ngabantu ngo-2014 singumbutho we-ANC besithi masihambe bayasithuma siyekutshintsha ubomi babo. Siyavuma ke Sihlalo namhlanje ukuba kuza kubakho utshintsho empilweni yabantu bethu kuba siqhutywa yimvelaphi yethu. Thina kaloku sinemvelaphi, aba bantu bakhwazayo aphi abanayo nemvelaphi, abazazi ukuba bazakuthini kunyaka ozayo. [Uwelewele.] Balwa unyaka wama-2019 abangamaziyo ukuba uphethe ntoni. Sithi bantu be-ANC abayayaziyo ukuba unyaka wama-2019 lo usiphetheli ntoni na. [Uwelewele] ubaphetheli ntoni abantu bathe. Siyi-ANC siyayixhasa le Voti yoHlahlo-lwabiwo-mali. Enkosi.

*English:*

Mr M M DLAMINI: Chairperson.

The HOUSE CHAIRPERSON (Mr C T Frolick): Order, hon members! Order!

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Mr M M DLAMINI: Chairperson!

The HOUSE CHAIRPERSON (Mr C T Frolick): Order hon members! Why are you rising, hon member?

Mr M M DLAMINI: No, I want to rectify the public that ...

[Interjections.]

The HOUSE CHAIRPERSON (Mr C T Frolick): Hon members, no ... Hon member, who is shouting like that? Who is shouting like that? This is not a beer hall! What is your point of order, hon member?

Mr M M DLAMINI: No, hon Chairperson, this is our Chairperson of the Eskom enquiry and today she was not her best, but she is very strong! It is not how she works; she is a very strong person. So, I want the public to forgive her. [Interjections.]

The HOUSE CHAIRPERSON (Mr C T Frolick): Thank you, hon member. Please, take your seat now. I now call upon the hon Minister. Hon Minister, before you continue, hon members, hon members, we are joint by guests from the public in the gallery here and this is the conduct that you are displaying to them! Please, behave like hon members! Behave like hon members! Continue hon Minister!

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The MINISTER OF PUBLIC ENTERPRISES: Chairperson, let me first start by joining the hon members in complementing the Portfolio Committee on Public Enterprises and in fact also the evidence leader Adv Vanara, who notwithstanding many efforts to intimidate him and even bribe him carried on very bravely with his task and gave us ...  
[Applause.]

It was truly a nonparty political endeavour and one which I think other parties and committees in Parliament need to replicate so that we can indeed hold public organs to account in a proper knowledgeable way rather than just make political points.

I want to also appreciate the fact that despite some of the differences we might have expressed today, we agree on a number of objectives. Firstly, we want to stop and end state capture. Secondly, we want to fight corruption wherever we find it and fight them on a nonpolitical party basis, but indeed as South Africa as a whole. Thirdly, we want to improve governance in our institutions and increase accountability. Fourthly, we want financial stability in these institutions and we want to stop the reliance on the fiscus that is quite evident at this point in time. However, ultimately we want to change the business models, retain that which works, but also start developing new things which will enable state-owned

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companies, SOCs, to last another 40 or 50 years as they have already in their life span.

Many members have actually called for consequences and consequence management and we will start demonstrating that as the department and certainly as a government as well.

Clearly, one of the things that we need to help many South Africans understand in the business sector and elsewhere and in the SOCs is to distinguish between the national interests and the personal interests. The arthritis that ends up in the pocket is indeed the personal interest. The national interest is to make these institutions work and work in the interest of everyone is obviously the key thing.

For, whilst we debate the current environment and morass we find ourselves in is equally important to cast our eyes five or 10 years ahead and ask where will these institutions be and what kind of service will they actually offer and what kind of public goods will they put to South Africans at that point in time and how will they contribute to economic development in an inclusive way, in a job creating way, and with a much more skilled workforce in South Africa then we currently have at this point in time?

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I can assure you that the President has a clear vision about and let us call it the strategic management of the SOCs and he will announce some of his intentions in due course. So, this isolated way in which we deal and the siloed way in which we deal with the SOCs might soon be a thing of the past as well.

I think equally important, is what we noticed when we interviewed some of the board members of the past is the lack of knowledge of the business itself. Unless even in Parliament we begin to understand what Transnet Freight Rail does? What does an Eskom power station look like? I did not know, so Mr Mabuza, Mr Hadebe, some officials and I actually visited one last week and saw its operations an over 40-year-old one called Hendrina. Its so happen that it is also is supposed to be supplied with coal by the Optimum-Tegeta mine and the two conveyer belts that are supposed to bring coal from the mine which Eskom gave a guarantee of R1,6 billion and offered prepayments for as the enquiry uncovered - those conveyer belts are standing still whilst coal is being exported opportunistically so that their businesses, practitioners and others can make some money. Something we have asked the board to start looking into. But, I think it is quite shameful that in fact in effect is a government mine. For it is a government sponsored mine in terms of its history and certainly with the kind of investment

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that Eskom made in it, it should get some returns in that particular regard as well.

On the question of boards and selection of board members you will see an advert in tomorrow's newspapers asking anybody who is interested to offer their services provided that they have skills, ethical background, they can understand what conflict of interests is and they are prepared to serve the nation and not themselves, they are welcome to apply so that they can be considered for future board positions. [Applause.]

Now, on the question of SA Express, I have just received a very brief report, but the event the hon Luyenge talks about in relation to the flight from East London that was not an issue of maintenance, it was a stress failure of a propeller. So, it is an important part but a part that actually failed us at the wrong possible time. However, I can assure you that we will get a more comprehensive report and if there is any risk at all, that these planes are not safe enough to fly, then we will have to take the necessary actions to ground them and hopefully we would not get to that point.

On McKinsey to pay back off the billion rand, the Chair of Eskom Mr Mabuza, is currently looking into that matter. Eskom wants that billion rand and it can do well with that money. He must come and

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show you the cheque sometime, but we do not operate with cheques these days, so I am not sure what you are going to do.

On the question that several members raised about the Transnet pensioners, it appears Transnet is willing, to settle although the matter is sub judice or let us put it this way is in the courts at the moment, but I think what is blocking the two sides from getting together is possibly an extravagant evaluation of what pensioners are entitled to as opposed to what really might be the case. So, I think if all of us can encourage a realistic amount in this particular case, we quite willing to bring the parties together and see how we can deal with this particular story.

In relation to the Durban port that the hon Singh raised, we will look into the R1,8 billion and whether it was in fact value for money. Secondly, there was a slowdown in the container traffic, let us put it that way and that led to Transnet reviewing the timeframes of the risk that they actually indicated and the current timeframes is that work will now commence only in 2026, but that in the meantime the land will be leased to an outfit called Lanseria Airport Consortium until 2026.

The hon Mnganga-Gcabashe, I think made some important points in relation to parliamentary oversight and I hope that you move on to

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the next SOC and so that the public can again see how executives and board members behave, their willingness to be transparent and accountable and our right and your right as Parliament, to actually hold them to account as well. As we do that I think that becomes an important cultural DNA that we begin to fit into Parliament's existence and work as well.

One of the issues with capital projects in many instances let us call it, understandable over reach in terms of scope and cost and not understandable over scoping and cost requirement. So, let us look at how much Medupi was supposed to cost as much as it did cost. The pipeline what it did was supposed to cost and what it did now cost, how much of it is as a result of unforeseen circumstances and how much of it is in fact something that could have been avoided.

I would agree with the hon Marais that the new broom is going to try to sweep clean, but brooms have much strength and all of you can have a choice of becoming strength in a broom so that it is really sweeping clean. Either we want to be passive critics or we want to be active players who participate in the process of cleaning up.

There is any number or examples we can all give and that reinforces the hon Mazzone's point as well that we need to stand together and we need to ensure that state capture does not take too long to

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eradicate and of course there is going to be resistance to any attempt to tackle corruption as we can see in many different situations and our job is to still serve the public well and ensure that the thieves and the corrupt people actually do not get away.

The hon Dlamini made that point and we certainly share that objective with him. The locomotive tender has its first investigation already. The newspapers are beginning to also publish some of the facts in relation to that, but I can assure you that our intention is to get to the bottom of all of that and make sure that the true facts are known and the sudden expansion R30 odd billion to R50 odd billion has either a valid explanation or some orange uniforms need to be waiting for the people concerned.

Hon Singh, I have responded to your point about the Durban port. Hon Khubisa, you said that there is some bad treatment at some of the ports and if there is some information that you have in this regard please make it available so that we can ask the Transnet management and now the interim board to respond to that. I am not going to be able to cover the rest of our colleagues because the 10 minutes is almost up. However, let me thank you for your very constructive participation in the debate and I hope that the debate is not the only thing that we do about corruption and state capture. Let us also celebrate the good things that we have in our state-owned

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companies, the huge potential that they have to serve our country, its economy and its people well and let us start building those strengths so that we can benefit from all of that. Thank you, very much. [Applause.]

Debate concluded.

The mini-plenary rose at 18:20.